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BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK
ChairmanJIM IRVIN
CommissionerWILLIAM A. MUNDELL
CommissionerIN THE MATTER OF ARIZONA ELECTRIC)
POWER COOPERATIVE - APPLICATION FOR)
APPROVAL OF A WAIVER OF CERTAIN)
REQUIREMENTS OF A.A.C. R14-2-1609)

DOCKET NO. RE-00000C-94-0165

DECISION NO. 62445ORDEROpen Meeting
April 11 and 12, 2000
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Electric Power Cooperative ("AEPCO") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On December 17, 1999, AEPCO filed an application for a waiver of certain requirements of A.A.C. R14-2-1609, a Commission rule that addresses access to transmission and distribution facilities. In particular, AEPCO requested a waiver of Subsection E, which requires Affected Utilities that own or operate Arizona transmission facilities to file a proposed AISA implementation plan with the Commission within thirty days of the Commission's adoption of final Retail Electric Competition rules.

3. A.A.C. R14-2-1609.D requires Affected Utilities that own or operate Arizona transmission facilities to form the Arizona Independent Scheduling Administrator ("AISA"). The AISA was supposed to file for approval with the Federal Energy Regulatory Commission ("FERC") within 60 days of this Commission's adoption of final retail electric competition rules. The final rules were adopted on September 29, 1999, and R14-2-1609 required the AISA to file for FERC approval on or about November 30, 1999. The AISA has not made its FERC filing, nor has AEPCO filed the proposed Arizona Independent Scheduling Administrator's implementation plan.

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1 4. R14-2-1609.D states that an ISA is necessary in order to provide nondiscriminatory
2 retail access and to facilitate a robust and efficient electricity market. AEPCO is currently working
3 with other entities to form and implement the AISA. However, the members of the AISA have not
4 been able to agree on a set of operational and administrative protocols to govern operations of the
5 AISA. AEPCO has requested a waiver of R14-2-1609.E because it believes that it cannot adopt the
6 AISA implementation plan on its own and, therefore, cannot comply with the requirements.

7 5. Staff recognizes that the Affected Utilities may be unable to force other AISA
8 members to reach agreement. If the AISA members cannot agree on protocols to be used, then
9 alternative measures need to be put in place. Staff recommends that the Commission order AEPCO
10 to collaborate with the other major Arizona transmission line owners (TEP and APS) on a set of
11 protocols and jointly submit those protocols within fifteen days of the date of this order to the
12 Commission for review and approval. These protocols may then be used until AISA, Desert STAR,
13 or some similar appropriate organization becomes operational. AEPCO should also be ordered to
14 ask SRP to participate in the discussions with AEPCO, APS, and TEP.

15 6. The protocols should include, but not be limited to, the subjects of available
16 transmission capacity calculation, transmission system transfer capabilities, committed uses of the
17 transmission system, available transfer capabilities, must-run generating units, energy imbalances,
18 energy scheduling, dispute resolution, and transmission planning.

19 7. Staff believes that statewide procedures must be in place to provide nondiscriminatory
20 retail access and to allow the competitive market to continue to develop. The alternative plan
21 outlined above may not be an effective long-term substitute for the AISA. Without the participation
22 of the Affected Utilities, the AISA is unlikely to be implemented. Granting AEPCO a waiver of
23 R14-2-1609.E may eliminate AEPCO's incentive to continue to meaningfully participate in the
24 development of the AISA protocols. Therefore, Staff recommends that AEPCO's application for
25 a waiver of the requirements of R14-2-1609.E be denied.

26 8. To the extent that AEPCO's application may be construed as seeking waivers of other
27 portions of R14-2-1609, Staff recommends that those requests be denied.

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5 10. Staff's recommendations as set forth in Findings of Fact 5 through 9 are reasonable
6 and should be adopted.

8 1. AEPCO is an Arizona public service corporation within the meaning of Article XV,
9 Section 2, of the Arizona Constitution.

12 3. The Commission, having reviewed the application and Staff's Memorandum dated
13 March 23, 2000, concludes that it is in the public interest to deny the request for a waiver.

15 THEREFORE, IT IS ORDERED that the application for a waiver of portions of A.A.C. R14-
16 2-1609 is hereby denied.

19 IT IS FURTHER ORDERED that AEP CO collaborate with the other major Arizona
20 transmission line owners (TEP and APS) on a set of protocols and jointly submit those protocols by
21 June 15, 2000.

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1 IT IS FURTHER ORDERED that AEPCO shall ask SRP to participate in the discussions
2 with AEPCO, TEP, and APS.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

5 
6 CHAIRMAN

7 
8 COMMISSIONER

9 
10 COMMISSIONER

11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
12 Executive Secretary of the Arizona Corporation
13 Commission, have hereunto, set my hand and caused the
14 official seal of this Commission to be affixed at the Capitol,
15 in the City of Phoenix, this 19th day of April, 2000.

16 
17 BRIAN C. McNEIL
18 Executive Secretary

19 DISSENT: _____

20 DRS:RTW:van\JFW